



Commitment to Air Quality and Salmon Recovery

"The stakes are very high. The overriding goal of our strategy is to restore healthy and abundant runs of salmon – and to control our own destiny."

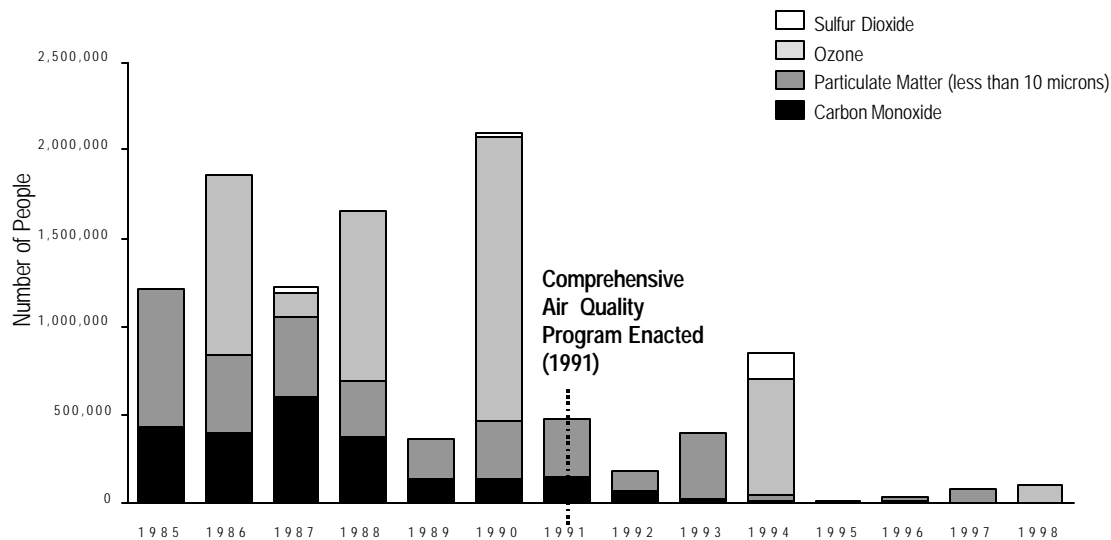
— Governor Gary Locke
October 9, 1998

ONE HUNDRED YEARS AGO, Washington's people took for granted clean air and water, and salmon-filled streams and rivers. As the state heads into a new century, the air we breathe and the wild salmon we cherish cannot be taken for granted. Both require constant vigilance to ensure their health, as well as our own, and that of our grandchildren. That's why it is vital to continue working to reduce air pollution and save a growing list of wild salmon and steelhead stocks from extinction.

Air Quality and the Impact of Initiative 695

In 1991, Washington State created a strong program to monitor our air and enforce laws and regulations intended to keep our air clean. But the program is threatened, its funding a quiet casualty of Initiative 695. It is critical to restore full funding to the Air Quality Program. To do otherwise will diminish Washington's environment and quality of life, and may invite federal sanctions that could result in reduced federal funding and higher economic costs.

A Strong Program Monitors Air and Enforces Laws to Keep Our Air Clean Number of People Exposed to Air Not Meeting Federal Air Quality Standards



SOURCE: Washington State Department of Ecology
OFFICE OF FINANCIAL MANAGEMENT

DECEMBER 1999

Motor-vehicle exhaust is the single biggest polluter of Washington's air, and the state program to pay for air pollution control drew substantial funding from the Clean Air Excise Tax repealed by I-695. This created a \$12.3 million shortfall in the Air Quality Program at the Department of Ecology (DOE) for the current biennium. The latest blow to the program comes after it has already tightened its belt and made changes and reductions to absorb cuts of \$3.6 million, including 26 employee positions, since the 1997-99 Biennium.

The Air Quality Program has numerous responsibilities, all designed to ensure Washington's air is healthy for people and other living things. The state's clean-air employees:

- Enforce clean air regulations and respond to citizen complaints.
- Manage the vehicle emission reduction program, including efforts to encourage car-pooling.
- Issue smog alerts and burn bans.
- Provide technical assistance to small businesses and local air agencies to reduce pollution;
- Measure air pollution, and determine its source and its movement; and
- Issue permits for industrial and commercial sources of air pollution.

Air Pollution Affects Public Health and Hurts Business

Prior to funding the comprehensive air program in 1991, Washington State failed to meet minimum health standards for more than 150 days a year, compared to less than 10 days in 1998. Even with current efforts, the National Resource Defense Council estimates that 1,400 people die each year from exposure to fine particle pollution in Washington State. Even so, the federal Environmental Protection Agency (EPA) estimates that Washington residents save about \$1.5 billion a year in health costs because the air is cleaner than it was in 1990, before expansion of the state's Air Quality Program.

Violation of federal air quality standards could add hundreds of millions of dollars in pollution-control costs for businesses and result in higher costs to consumers for gasoline and other manufactured products. Violation of such standards may also result in restrictions on growth — limiting new or expanding businesses that affect air quality.

Lack of action on air quality protection issues and deteriorating air quality could prompt federal intervention, putting Washington's federal transportation and air quality funding in jeopardy and giving the EPA more influence over our state's air quality. The EPA could decide how Washington's air will be cleaned up and who will pay for it. The EPA also would become the regulator of large industrial sources of air pollution.

Clean Air: We Can't Live Without It

Full restoration of funding to the Air Quality Program will provide resources and qualified staff to help local air authorities, industry, and citizens monitor and choose the best ways to address pollution problems. It will also ensure that the state develops and implements EPA-approved state implementation plans to clean up and prevent air pollution problems, and reduce the chance of costly federal intervention. The Governor recommends \$12.3 million in state general funds for the remainder of the current biennium to replace revenue eliminated by passage of I-695.

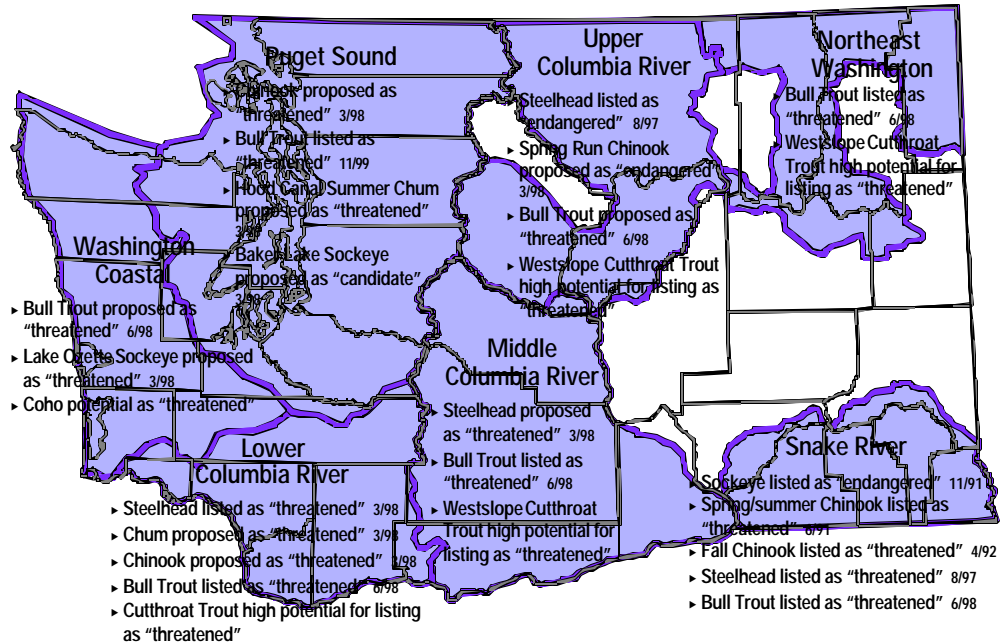
Tax Credit for Commute Trip Reduction

Employers and property managers are currently allowed a credit against their Business and Occupation (B&O) Tax liability based on amounts they spend to reduce employee commute trips. Eligible expenditures include such costs as public transit and parking for carpools or vanpools. The loss of the first \$1.5 million in B&O Tax revenue to the General Fund is reimbursed from the Air Pollution Control Account (APCA), and up to an additional \$1 million per calendar year can be reimbursed by transportation funds after the APCA limit is reached. With the elimination of the Clean Air Excise Tax by I-695, the APCA no longer has revenue to reimburse the General Fund and consequently, the credits against the B&O Tax cannot be granted. This popular program helps to reduce traffic congestion as well as air pollution. Legislation will be proposed to continue the program by eliminating the requirement for the APCA to reimburse the state General Fund. Consistent with the current program, the tax credit for commute trip reduction is capped at \$2.5 million per calendar year. Revenue to the General Fund will be reduced by \$3.5 million for the remainder of the 1999-01 Biennium.

Salmon Recovery: The Campaign Continues

The Governor is taking several crucial steps in 2000 to continue efforts begun two years ago to rescue a growing number of Washington's wild salmon stocks from extinction. A century of human activity has degraded salmon habitat, threatening the existence of our wild salmon runs, from the once-vibrant Chinook of Puget Sound to the sockeye of Lake Ozette. The Governor's strategy to restore those and 16 other salmon stocks listed as endangered or threatened by the federal government will take many years.

Areas with Salmon, Trout, or Steelhead that are Listed, Proposed for Listing, or have a High Potential for Future Listing Under the Endangered Species Act

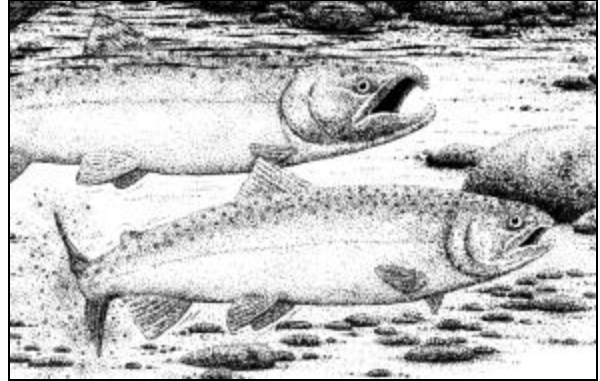


SOURCE: Washington State Department of Fish and Wildlife

OFFICE OF FINANCIAL MANAGEMENT

Building on major legislation and state funding approved by the 1999 Legislature, the Governor's budget in 2000 funds three critical steps to continue efforts to save wild salmon and meet requirements of the federal Endangered Species Act (ESA). They include:

- **\$3 million** to continue implementation of the Forest Practices-Salmon Recovery Act of 1999.
- **\$3.8 million** to help local governments revise their Shoreline Master Programs to better protect shorelines and in so doing protect salmon habitat, help ensure water quality, and reduce flooding.
- **New funding of \$257,000** to continue a collaborative planning effort by stakeholders



to improve irrigation and other agricultural practices. The goal is to conserve water and protect water quality for people and salmon while maintaining the economic viability of agriculture.

Our Timber Industry and Healthy Salmon

The Forest Practices-Salmon Recovery Act of 1999 requires the timber industry to provide better protection for salmon and water quality. Timber companies and small landowners will be required to leave larger buffers between harvest areas and streams, and will be required to change a number of harvest practices to improve water quality and salmon habitat. In exchange, loggers will receive assurances of regulatory certainty under the federal Endangered Species Act.

The 1999 Legislature provided \$4.5 million in state funds and \$22 million in federal funds to begin implementation of changes to forest practices. Because federal funding is less than originally anticipated, the Governor's budget provides \$3 million in the operating budget to continue implementation of the Forest Practices-Salmon Recovery Act.

This Act requires a major investment to write and adopt new rules and teach people about the new requirements. Because of the complexity of those rules, funding for technical assistance to small landowners is a critical component. And because some provisions of the rules may hit small landowners harder than large landowners, \$2.5 million is made available in the capital budget to purchase easements from small landowners for leaving trees standing. Funding is also provided to:

- Enforce the new rules.
- Update forest practices application and geographic information systems.
- Identify and map steep slopes and other hazards to water quality and habitat; and
- Conduct scientific studies to make sure the strategy is working.

Our Shorelines and Healthy Salmon

Local Shoreline Master Programs provide protection for Washington's streams, rivers, large lakes, and marine waterfronts. The Department of Ecology will update the Shoreline Management Act Master Program Guidelines (Chapter 173-26 WAC) by July 2000 in compliance with state law. The updates will modernize and improve the existing 28-year-old rule, and are critical to support state and local response to recent Endangered Species Act listings for salmon. In total, 250 local jurisdictions will be required to update their programs in accordance with the new guidelines. Total funding, including \$3 million in grants and \$800,000 in technical assistance funding, will be provided to fish critical areas as a priority.

Our Farm Industry and Healthy Salmon

Thirty-seven percent of Washington's land mass is farmland, and farmers rely on the state's water resources to thrive. But so do Washington's threatened salmon runs. That's why the Governor's strategy to save wild salmon includes a push to conserve water used for crops and livestock and improve water quality.

Fish in Crisis

ESA Listings as of Nov. 1, 1999

- Puget Sound Chinook and Bull Trout
- Hood Canal Summer Chum
- Lake Ozette Sockeye
- Lower Columbia Chinook, Chum, Steelhead and Bull Trout
- Upper Columbia Spring Chinook, Steelhead and Bull Trout
- Middle Columbia Steelhead and Bull Trout
- Northeast Washington Bull Trout
- Snake River Steelhead, Sockeye, Chinook and Bull Trout.

The Governor has brought together a range of stakeholders to develop comprehensive farmland conservation standards and improved irrigation practices. Farmers; environmentalists; state, local, and federal government officials; and tribal leaders will work to develop agricultural practices and standards that contribute to both the state's economy and the recovery of salmon. Building on existing funding, the Governor proposes spending an additional \$257,000 to pay for facilitation and other costs associated with this process.

Other Natural Resources Issues

In addition to salmon and water issues and maintaining the Air Quality Program, there are other natural resource issues that must be addressed. Burning agricultural fields to clear post-harvest stubble produces air pollution that affects people's health and should be minimized, the processing of water rights applications needs to be streamlined, and endangered marine fish must be protected.

Open Field Burning Tax Credit

The Governor is proposing legislation that would reduce certain taxes for those who reduce or eliminate air pollution from this source. The bill would exempt farmers and businesses from sales and property taxes on purchases of equipment or expenditures on constructing or retrofitting facilities used exclusively to reduce air emissions from field burning. The legislation also offers a 50 percent tax credit against the Business and Occupations Tax for similar expenditures. The tax exemptions and credits would be available through calendar year 2005 and are intended for both existing technologies and those that may become available in the future. The tax exemptions and credits would save farmers an estimated \$110,000 per year.

Water Rights Processing

Existing law requires DOE to process water right applications in the order they are received. This stringent prioritization for processing water right applications limits DOE's ability to process changes or transfers from existing developed rights ahead of new applications. Because of staffing shortages and concerns about water availability in many parts of the state, DOE has been unable to process new water right applications in a timely manner. The current water right backlog is nearly 7,000 pending applications, with 1,600 of these being water right change applications.

Allowing change applications to be processed ahead of new permits would help local governments provide water to implement local land use plans, provide incentives for water conservation, promote the marketing of water rights, and facilitate economic development and expansion. In addition, providing the authority and financial resources to process such water right changes ahead of new applications will assist in making timely water right decisions. It is essential to ensure that such changes are justified and that fish recovery and instream flow needs are met in order to protect natural resources, particularly in watersheds with Endangered Species Act listings. A total of \$1.1 million is proposed for the departments of Ecology, Health, and Fish and Wildlife in the event that legislation is enacted that authorizes the processing of water right changes ahead of new applications, while also ensuring the necessary protection of our natural resources.

Endangered Marine Fish

In June 1999 the National Marine Fisheries Service initiated a biological status review of 18 species of marine fish, including cod, herring, and rockfish, in Puget Sound as a first step to determine if they need protection under the Endangered Species Act. An initial decision on whether to list seven of these stocks under ESA is anticipated by March of 2000. The Department of Fish and Wildlife is completing a comprehensive Puget Sound ground fish recovery plan. The Governor proposes spending \$690,000 for additional staff to begin implementation of this plan. Specific activities include population monitoring, age composition analysis, genetic analysis to determine stock structure, and establishing and managing a network of marine protected areas.